

THE JUNIOR LEAGUE OF PHILADELPHIA, INC.

FINANCIAL STATEMENTS

YEARS ENDED MAY 31, 2021 AND 2020



THE JUNIOR LEAGUE OF PHILADELPHIA, INC.
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YEARS ENDED MAY 31, 2021 AND 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Junior League of Philadelphia, Inc.
Philadelphia, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the Junior League of Philadelphia (the "League"), a nonprofit organization) which comprise the statements of financial position as of May 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
The Junior League of Philadelphia, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Junior League of Philadelphia as of May 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 11, the Junior League of Philadelphia restated its 2020 financial statements to correctly report the net assets with donor restrictions. Our opinion on the 2020 and 2021 financial statements are not modified with respect to this matter.

J. Miller & Associates, LLC

J. MILLER & ASSOCIATES, LLC

Philadelphia, Pennsylvania
October 21, 2021

THE JUNIOR LEAGUE OF PHILADELPHIA, INC.
STATEMENTS OF FINANCIAL POSITION
MAY 31, 2021 AND 2020

	<u>2021</u>	<u>Restated 2020</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 227,923	\$ 250,742
Inventory	323,812	327,846
Contributions and Other Receivables	15,550	1,480
Prepaid Expenses	16,276	17,433
Total Current Assets	<u>583,561</u>	<u>597,501</u>
Property and Equipment, Net	2,584,410	2,744,422
Investments	1,067,031	821,624
Beneficial Interest in Assets Held by Philadelphia Foundation	34,490	24,260
Total Assets	<u>\$ 4,269,492</u>	<u>\$ 4,187,807</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 26,897	\$ 26,722
Accrued Expenses	17,181	6,719
Current Portion of Long -Term Debt	31,477	39,251
Refundable Advance	20,000	-
Deferred Membership Dues	82,141	79,676
Total Current Liabilities	<u>177,696</u>	<u>152,368</u>
Long-Term Debt, Net of Current Portion	<u>692,779</u>	<u>724,245</u>
Total Liabilities	<u>870,475</u>	<u>876,613</u>
NET ASSETS		
Without Donor Restrictions		
Undesignated	3,219,976	3,173,687
Board Designated - Headquarter Maintenance	144,551	113,247
Total Net Assets Without Donor Restrictions	<u>3,364,527</u>	<u>3,286,934</u>
With Donor Restrictions	34,490	24,260
Total Net Assets	<u>3,399,017</u>	<u>3,311,194</u>
Total Liabilities and Net Assets	<u>\$ 4,269,492</u>	<u>\$ 4,187,807</u>

See accompanying Notes to Financial Statements.

**THE JUNIOR LEAGUE OF PHILADELPHIA
STATEMENTS OF ACTIVITIES
YEARS ENDED MAY 31, 2021 AND 2020**

	2021			Restated 2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE						
Public Support						
Donated Materials	\$ 362,672	\$ -	\$ 362,672	\$ 619,940	\$ -	\$ 619,940
Contributions	104,718	-	104,718	54,655	-	54,655
Revenue						-
Retail Sales of Donated Materials	409,638	-	409,638	588,654	-	588,654
Membership Dues and Fees	125,775	-	125,775	130,753	-	130,753
Interest and Dividends, net	8,392	-	8,392	12,195	-	12,195
Change in Assets Held by the Philadelphia Foundation	-	10,230	10,230	-	(4,801)	(4,801)
Net Realized and Unrealized Gain/(Loss) on Investments	222,500	-	222,500	33,427	-	33,427
Total Revenues, Gains and Support	<u>1,233,695</u>	<u>10,230</u>	<u>1,243,925</u>	<u>1,439,624</u>	<u>(4,801)</u>	<u>1,434,823</u>
EXPENSES						
Program Services						
Thrift Shop	542,589	-	542,589	846,905	-	846,905
Community Outreach	45,860	-	45,860	33,017	-	33,017
Membership Programs	88,497	-	88,497	123,116	-	123,116
Total Program Services	<u>676,946</u>	<u>-</u>	<u>676,946</u>	<u>1,003,038</u>	<u>-</u>	<u>1,003,038</u>
Supporting Activities						
National Organization Dues	28,821	-	28,821	30,885	-	30,885
Management and General	417,383	-	417,383	438,268	-	438,268
Fundraising	32,952	-	32,952	30,030	-	30,030
Total Expenses	<u>1,156,102</u>	<u>-</u>	<u>1,156,102</u>	<u>1,502,221</u>	<u>-</u>	<u>1,502,221</u>
CHANGE IN NET ASSETS	77,593	10,230	87,823	(62,597)	(4,801)	(67,398)
Net Assets - Beginning of Year	3,286,934	24,260	3,311,194	3,349,531	29,061	3,378,592
NET ASSETS - END OF YEAR	<u>\$ 3,364,527</u>	<u>\$ 34,490</u>	<u>\$ 3,399,017</u>	<u>\$ 3,286,934</u>	<u>\$ 24,260</u>	<u>\$ 3,311,194</u>

See accompanying Notes to Financial Statements.

THE JUNIOR LEAGUE OF PHILADELPHIA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MAY 31, 2021

	Program Services				National Organization Dues	Management & General	Fundraising	Total
	Thrift Shop	Community Outreach	Membership Programs	Total Program Services				
Payroll and Related Benefits								
Salaries	\$ 102,355	\$ -	\$ 20,422	\$ 122,777	\$ -	\$ 70,867	\$ -	\$ 193,644
Payroll Taxes	7,801	-	1,462	9,263	-	5,605	-	14,868
Benefits	22,842	-	9,866	32,708	-	10,252	-	42,960
Total payroll and related benefits	132,998	-	31,750	164,748	-	86,724	-	251,472
Contract Services	542	-	-	542	-	14,078	-	14,620
Professional Fees	-	-	-	-	-	25,086	-	25,086
Outreach Grants and Events	-	-	51,125	51,125	-	2,000	23,542	76,667
Awards	-	-	-	-	-	6,349	-	6,349
Dues	-	-	-	-	28,821	-	-	28,821
Occupancy and Building Maintenance	1,266	-	-	1,266	-	43,919	-	45,185
Printing and Advertising	2,024	1,902	325	4,251	-	4,910	2,725	11,886
Other Operating Expenses	6,332	-	30	6,362	-	(1,264)	28	5,126
Supplies	3,168	5,986	2,142	11,296	-	546	5,958	17,800
Thrift Shop	393,864	-	-	393,864	-	-	-	393,864
Training and Conferences	-	798	1,967	2,765	-	2,926	-	5,691
Food & Catering	1,138	37,174	-	38,312	-	-	-	38,312
Insurance	-	-	-	-	-	16,530	-	16,530
Telephone	1,138	-	-	1,138	-	21,522	-	22,660
Postage	119	-	1,158	1,277	-	770	699	2,746
Interest	-	-	-	-	-	33,275	-	33,275
Depreciation	-	-	-	-	-	160,012	-	160,012
Total Expenses	\$ 542,589	\$ 45,860	\$ 88,497	\$ 676,946	\$ 28,821	\$ 417,383	\$ 32,952	\$ 1,156,102

See accompanying Notes to Financial Statements.

**THE JUNIOR LEAGUE OF PHILADELPHIA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MAY 31, 2020**

	<u>Program Services</u>				<u>National Organization Dues</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
	<u>Thrift Shop</u>	<u>Community Outreach</u>	<u>Membership Programs</u>	<u>Total Program Services</u>				
Payroll and Related Benefits								
Salaries	\$ 171,215	\$ -	\$ 48,365	\$ 219,580	\$ -	\$ 70,912	\$ -	\$ 290,492
Payroll Taxes	12,631	-	3,700	16,331	-	5,387	-	21,718
Benefits	24,608	-	15,180	39,788	-	8,955	-	48,743
Total payroll and related benefits	<u>208,454</u>	<u>-</u>	<u>67,245</u>	<u>275,699</u>	<u>-</u>	<u>85,254</u>	<u>-</u>	<u>360,953</u>
Contract Services	2,358	-	-	2,358	-	6,825	-	9,183
Professional Fees	215	-	-	215	-	36,758	-	36,973
Outreach Grants and Events	-	3,497	11,400	14,897	-	10,708	21,050	46,655
Awards	-	-	-	-	-	6,317	49	6,366
Dues	-	-	-	-	30,885	-	-	30,885
Occupancy and Building Maintenance	34,719	-	-	34,719	-	10,158	-	44,877
Printing and Advertising	150	10,664	-	10,814	-	10,764	109	21,687
Other Operating Expenses	11,130	679	18,906	30,715	-	12,465	520	43,700
Supplies	6,288	3,264	2,702	12,254	-	1,939	3,331	17,524
Thrift Shop	559,291	-	-	559,291	-	-	-	559,291
Training and Conferences	84	-	15,774	15,858	-	5,620	-	21,478
Food & Catering	-	14,913	5,131	20,044	-	910	4,520	25,474
Insurance	-	-	-	-	-	14,955	-	14,955
Telephone	24,150	-	-	24,150	-	-	-	24,150
Postage	66	-	1,958	2,024	-	1,698	451	4,173
Interest	-	-	-	-	-	33,796	-	33,796
Depreciation	-	-	-	-	-	200,101	-	200,101
Total Expenses	<u>\$ 846,905</u>	<u>\$ 33,017</u>	<u>\$ 123,116</u>	<u>\$ 1,003,038</u>	<u>\$ 30,885</u>	<u>\$ 438,268</u>	<u>\$ 30,030</u>	<u>\$ 1,502,221</u>

See accompanying Notes to Financial Statements.

THE JUNIOR LEAGUE OF PHILADELPHIA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MAY 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 87,823	\$ (67,398)
Adjustments to Change in Net Assets to Net Cash From Operating Activities:		
Depreciation and Amortization	160,012	200,101
Net Realized and Unrealized (Gain) Loss on Investments	(222,500)	(33,427)
Increase (Decrease) in:		
Change in Value of Assets Held by Philadelphia Foundation	(10,230)	4,801
Inventory	4,034	(102,846)
Contributions and Other Receivables	(14,070)	3,106
Prepaid Expenses	1,157	(5,756)
Accounts Payable	175	(6,477)
Accrued Expenses	10,462	-
Refundable Advance	20,000	-
Deferred Membership Dues	2,465	(3,166)
Net Cash Provided (Used) by Operating Activities	39,328	(11,062)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of Investments	103,685	118,443
Purchase of Investments	(126,592)	(116,462)
Net Cash Provided (Used) by Investing Activities	(22,907)	1,981
 CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of Long-Term Debt	(39,240)	(34,709)
Net Cash Used by Financing Activities	(39,240)	(34,709)
 NET DECREASE IN CASH	(22,819)	(43,790)
 Cash and Cash Equivalents - Beginning of Year	250,742	294,532
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 227,923	\$ 250,742
 SUPPLEMENTAL DISCLOSURES		
 Interest Expense Paid	\$ 33,275	\$ 33,796
 Noncash Transactions:		

See accompanying Notes to Financial Statements.

THE JUNIOR LEAGUE OF PHILADELPHIA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2021 and 2020

NOTE 1 NATURE OF THE ORGANIZATION

The Junior League of Philadelphia, Inc. (the "League") is an organization of women committed to promoting volunteerism, developing the potential of women, and improving communities through the effective action and leadership of trained volunteers. Its purpose is exclusively educational and charitable.

The League obtains substantially all of its revenues from dues charged to its members and the sale of donated materials through its thrift shop. The League uses these funds to support the community, including programming that creates a positive impact on health and wellness of adults and children in the Greater Philadelphia area. The League provides funding to community programs, as well as direct expenditures for other community programs managed by League members and volunteers.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the League have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

The League is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

A description of the net asset categories follows:

- *Net Assets Without Donor Restrictions* - are those that are available to support of operations and not subject to donor (or certain grantor) restrictions. These net assets may be used at the discretion of the League's management and board.

Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Reclassifications

Certain amounts for 2020 have been reclassified to conform to the financial statement presentation for 2021. Such reclassifications had no effect on previously reported net assets.

THE JUNIOR LEAGUE OF PHILADELPHIA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2021 and 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the League considers cash and highly liquid investments with original maturities of three months or less at the time of acquisition to be cash and cash equivalents.

Contribution and Other Receivables

Contributions and Other Receivables consist of unconditional promises to give and amounts due for program services that are expected to be collected in less than one year. The League evaluates whether receivables are fully collectible on an annual basis and balances are written off when deemed uncollectible.

Investments and Beneficial Interest in Assets Held by the Philadelphia Foundation

These are presented in the financial statements at fair market value. Interest and dividend income less investment expenses and realized/unrealized gains and losses are reported in the statement of activities.

Inventory

The League maintains an inventory of gently used clothing and household items donated by its members and others for resale by the Thrift shop operated by the League. The donated items are recognized at fair value at the date of donation and reported in the statements of activities as donated materials. The League performs a physical count of inventory as the basis for estimating the value of inventory at fiscal year-end. The inventory measurement process considers the value of inventory sold to be the equivalent of cost of goods sold and is reported as retail sales of donated materials in the statements of activities.

Property and Equipment and Depreciation

Property and equipment are stated at cost or, if contributed, at the related fair market value at the date of contribution. Depreciation is provided by the straight-line and accelerated methods over the estimated useful lives of the assets. The estimated useful lives are as follows:

THE JUNIOR LEAGUE OF PHILADELPHIA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2021 and 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment and Depreciation (Continued)

	<u>Years</u>
Building and building improvements	35-39
Office and equipment	5
Furniture	5-7
Computer software	3

Repairs and maintenance which do not extend the useful lives of the related assets are expensed as incurred.

Deferred Membership Dues

Deferred membership dues represent dues collected from members that pertain to the next fiscal year.

Refundable Advances

Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The amount will be subsequently recognized as grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return no longer existed.

Donated Materials

Donated materials are recorded as public support at their estimated fair value based on recent sales of similar items. The League recognized \$362,672 and \$619,940 during the years ended May 31, 2021 and 2020, respectively for the donation of materials.

Donated Services

Donated services are recorded at the estimated fair value of the services received. If the services received (1) create or enhance a nonfinancial asset or (2) require specialized skills that are provided by individuals possessing those skills and would typically be purchased if not provided by donation. The League recognized no donated professional services in the fiscal years ended May 31, 2021 and 2020.

The League also receives a significant amount of donated services from unpaid volunteers who assist the League in its educational and charitable projects, the operation of its thrift shop, and the management of the League. While the League could not sustain its operations without the time donated by its members, the value of time does not meet the above criteria for recognition of contributed services contained in current accounting standards and, accordingly, is not included in the accompanying statements of activities.

THE JUNIOR LEAGUE OF PHILADELPHIA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2021 and 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

The League recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Membership Dues and Retail Sale of Donated Materials

The League obtains substantially all of its revenues from dues charged to its members and the sale of donated materials through its thrift shop. Membership dues charged to members are recognized in the membership period for which the dues are paid. Membership dues are not comprised of an exchange element. The sale of donated materials through its thrift store are recognized at the time of sale.

Advertising Costs

Advertising costs are charged to expense when incurred.

Functional Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. This approach aims to attribute functional expenses to the membership program, community outreach or Thrift Shop to which they relate. The expenses are allocated on a consistent basis from one period to the next.

Income Tax Status

The League is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Service Code. Accordingly, no provision for income taxes is included in these financial statements. It qualifies for the charitable contribution deduction under Code Section 107(b)(1)(a) and has been classified as an organization other than a private foundation. The League is not aware of any activities that would jeopardize its tax-exempt status. The League is not aware of any activities that are subject to tax on unrelated business income.

NOTE 3 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position, comprise the following:

THE JUNIOR LEAGUE OF PHILADELPHIA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2021 and 2020

NOTE 3 LIQUIDITY AND AVAILABILITY (CONTINUED)

	2021	2020
Cash	\$ 227,923	\$ 250,742
Inventory	323,812	327,846
Contributions and other receivables	15,550	1,480
	\$ 567,285	\$ 580,068

The League’s Endowment and Headquarter Maintenance funds represent endowments that are not available for general expenditure. The League’s board has designated its Headquarter Maintenance funds as a reserve for maintenance of its building. The Headquarter Maintenance endowment funds totaled \$144,551 and \$113,247 as of May 31, 2021 and 2020, respectively.

As part of our liquidity management plan, the League invests cash in excess of daily requirements in savings accounts.

NOTE 4 FAIR VALUE MEASUREMENTS

The League reports fair value measurements of its assets using a three-level hierarchy that prioritizes the inputs used to measure fair value. Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value hierarchy requires the League to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the League’s market assumptions. The three levels of fair value hierarchy are as follows:

Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets as of the report date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Level 2 inputs consist of other than quoted prices in active markets, which are either directly or indirectly observable as of the report date. The nature of these securities include investments for which quoted prices are available, but traded less frequently, and investments that are fair valued using other securities, the parameters which can be directly observed.

Level 3 inputs are unobservable as of the report date. These securities are measured using the best information available to estimate of fair value.

THE JUNIOR LEAGUE OF PHILADELPHIA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2021 and 2020

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables set forth by level the League's assets at fair value within the fair value hierarchy as of May 31, 2021:

	Total	Level 1	Level 2	Level 3
Haverford Trust Investment Portfolio				
Cash Equivalents	\$ 14,575	\$ 14,575	\$ -	\$ -
Investments:				
Equity	592,186	592,186	-	-
Fixed Income - EFT	124,623	124,623	-	-
Fixed Income - Bonds & Notes	172,590	172,590	-	-
Mutual Funds - Other	177,632	177,632	-	-
	<u>1,067,031</u>	<u>1,067,031</u>	<u>-</u>	<u>-</u>
Total Haverford Trust Investment Portfolio	<u>1,081,606</u>	<u>1,081,606</u>	<u>-</u>	<u>-</u>
Beneficial Interest in Assets Held by Philadelphia Foundation	34,490	-	-	34,490
Inventory	323,812	-	-	323,812
	<u>\$ 358,302</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 358,302</u>

The following tables set forth by level the League's assets at fair value within the fair value hierarchy as of May 31, 2020:

	Total	Level 1	Level 2	Level 3
Haverford Trust Investment Portfolio				
Cash Equivalents	\$ 28,878	\$ 28,878	\$ -	\$ -
Investments:				
Equity	416,152	416,152	-	-
Fixed Income - EFT	67,371	67,371	-	-
Fixed Income - Bonds & Notes	193,610	193,610	-	-
Mutual Funds - Other	144,491	144,491	-	-
	<u>821,624</u>	<u>821,624</u>	<u>-</u>	<u>-</u>
Total Haverford Trust Investment Portfolio	<u>850,502</u>	<u>850,502</u>	<u>-</u>	<u>-</u>
Beneficial Interest in Assets Held by Philadelphia Foundation	24,260	-	-	24,260
Inventory	327,846	-	-	327,846
	<u>\$ 352,106</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 352,106</u>

THE JUNIOR LEAGUE OF PHILADELPHIA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2021 and 2020

NOTE 5 ENDOWMENT

As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The League’s endowment funds consist of funds under investment management by the Haverford Trust Company. These funds are invested in accordance with the League’s investment policy statement. Under the investment policy, as approved by the Board of Directors, the endowment assets are invested in a manner that focuses on capital preservation and also allows the League to remain invested without having to liquidate higher risk growth assets at inopportune moments even during severe market corrections which may last several years.

The League’s endowment net asset composition as of, May 31, 2021 and 2020 is as follows:

	Without Donor Restrictions - Board Designated	
	2021	2020
Haverford Endowment Funds		
Headquarters Maintenance	\$ 144,551	\$ 113,247
Junior League of Phila Programs	252,108	192,977
Total	\$ 396,659	\$ 306,224

Spending Policy

Although the League does not intend to draw from its endowment fund other than amounts earmarked for general and headquarter maintenance expenditures pursuant to its annual budget approval and appropriation process, draws from the endowment funds could be made if deemed necessary and would be undertaken at the discretion of the Board, upon recommendation of the Treasurer.

THE JUNIOR LEAGUE OF PHILADELPHIA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2021 and 2020

NOTE 5 ENDOWMENT (CONTINUED)

The following schedule represents the changes in endowment nets assets for the fiscal years ended May 31, 2021 and 2020 is as follows:

	Without Donor Restrictions - Board Designated	
	2021	2020
Endowment net assets, beginning	\$ 306,224	\$ 291,582
Investment return		
Investment income	1,407	4,338
Net loss (realized and unrealized)	89,028	10,304
Total Investment return	90,435	14,642
Contributions	-	-
Endowment net assets, ending	\$ 396,659	\$ 306,224

NOTE 6 PROPERTY AND EQUIPMENT

At May 31, 2021 and 2020, property and equipment consisted of the following:

	2021	2020
Building and Building Improvements	\$ 4,167,118	\$ 4,167,118
Furniture and Equipment	221,163	221,163
Computer Software	23,485	23,485
	4,411,766	4,411,766
Accumulated Depreciation	(1,827,356)	(1,667,344)
	\$ 2,584,410	\$ 2,744,422

NOTE 7 REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table provides information about changes in contract liabilities for the year ended May 31, 2021 and 2020:

	2021	2020
Deferred membership dues, beginning of year	\$ 79,676	\$ 82,842
Revenue recognized that was included in deferred membership at the beginning of year	(79,676)	(82,842)
Increase in deferred revenue due to cash received during the period	82,141	79,676
Deferred membership dues, end of year	\$ 82,141	\$ 79,676

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NOTE 8 REFUNDABLE ADVANCE

In February 2021, the League received a forgivable loan/grant of \$20,000 which is conditioned upon certain performance requirements and/or incurrence of allowable qualifying expenses. As such the amount has not been recognized as revenue for the year ended May 31, 2021 because qualifying expenditures have not yet been incurred. The \$20,000 advance payment received is recognized in the statement of financial position as a refundable advance.

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at May 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Beneficial Interest in Assets Held by Philadelphia Foundation	\$ 34,490	\$ 24,260
Total	<u>\$ 34,490</u>	<u>\$ 24,260</u>

NOTE 10 LONG-TERM DEBT

Long-term debt consists of the following:

	<u>2021</u>	<u>2020</u>
Mortgage term loan with Wells Fargo Bank, with monthly interest only payments of \$6,043 at an interest rate of 4.40%. A final balloon payment, including any unpaid interest due is on August 20, 2029. The loan is collateralized by the mortgaged building.	\$ 724,256	\$ 763,496
	<u>724,256</u>	<u>763,496</u>
Current Portion	<u>(31,477)</u>	<u>(39,251)</u>
	<u>\$ 692,779</u>	<u>\$ 724,245</u>

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NOTE 11 RESTATEMENT OF NET ASSETS

For the year ended May 31, 2020, endowment assets totaling \$306,224 were previously misclassified as with donor restrictions instead of without donor restrictions. The adjustments to correct the misclassification has no effect on total net assets. The result of the restatement is as follows:

	With Donor Restrictions	Without Donor Restrictions	Total
Haverford Endowment Funds, previously reported	\$ 291,582	\$ -	\$ 291,582
Haverford Endowment Funds, reclassified	-	291,582	291,582
Adjustment	<u>\$ (291,582)</u>	<u>\$ 291,582</u>	<u>-</u>
Net Assets, beginning of year, previously reported	\$ 320,643	\$ 3,057,949	\$ 3,378,592
Net Assets, beginning of year, reclassified	29,061	3,349,531	3,378,592
Adjustment	<u>\$ (291,582)</u>	<u>\$ 291,582</u>	<u>\$ -</u>

NOTE 12 CONCENTRATIONS OF RISKS

The League maintains its cash accounts in bank deposit accounts which, at times, may exceed federally insured limits. Accounts at each institution are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The brokered certificates of deposits, held within a bank deposit program, are also guaranteed up to \$250,000 at each institution. Management monitors its balances to ensure all bank deposits are safeguarded and remain within FDIC limits. Management believes that it is not exposed to any significant credit risk on its cash accounts.

Investments are exposed to various risks, such as interest rate, market and credit risk, depending on the type and diversification of the investments. Depending on the nature of the risk, changes in the value of the investments could occur in the near term.

NOTE 13 SUBSEQUENT EVENTS

In preparing these financial statements, the League evaluated events and transactions for potential recognition or disclosure through October 21, 2021, the date the financial statements were available to be issued.